THE FUTURE OF CRYPTO POLICY IN MYANMAR

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1. Key Messages

- According to the internet shutdowns and punitive cyber laws, reliable and uninterrupted internet connectivity which is the fundamental requirement of a crypto revolution is under threat. This has to be addressed by researching alternative communication technologies such as community networks, satellite internet and dial up internet as a long term solution.

- Public's technological adaptability became stronger because of the circumvention practices against the military's digital repressions. The democratic forces should take advantage of that to push the crypto revolution forward.

- Digital literacy and the digital divide will be the major drawbacks of the crypto revolution. Localized and comprehensive education programs should be initiated to cope up with the problem.

- According to the limited resources, the NUG government should establish a deliberative digital policy platform where stakeholders from various areas of interest meet and brainstorm about possible tech-fueled solutions for the political and economical challenges.

- There are two discourses observed in Myanmar's crypto revolution: libertarian and authoritarian discourses. According to the innovative crypto initiatives implemented after the coup, the libertarian discourse became dominant.

- Addressing the oversea remittance problem as a grand narrative could bring more interest from the public rather than the narrative of "Secure Funding Stream".

2. Introduction

Myanmar's economy has been severely damaged after the February coup that the World Bank estimated 18 % shrinking annually. The financial market consequently has been crippled due to the people's diminishing trust in the banking system and military controlled financial system. The exchange rate of Myanmar Kyats (MMK) to US Dollars (USD) was an all time low of 2200 in September 2021, down from 1330 in February 2020 before the coup. Due to the internet shutdowns, the ATM machines malfunctioned and long queue of people waiting for their cash withdrawal. Myanmar's currency has lost

60 % of its value as of September 2021. On the other hand, the military has been surveilling and arresting anti-junta groups by tracking phone numbers from Wave Money, K Pay, CB Pay, etc. Therefore, people in Myanmar turn to cryptocurrencies as an alternative currency to escape from the horrible financial situation.

Cryptocurrency is now playing an interesting role in Myanmar's revolution both on repression and resistance sides. There are proactive civilian endeavors to tackle the people's daily financial struggles caused by the crippled economy by cryptocurrency: some of them failed miserably, some of them are still ongoing. The junta as well as the parallel government also eyed on the cryptocurrency and they both made legal efforts for this: the former party to heal the crippled economy with the digital currency and to avoid sanctions imposed and the latter to separate the existing currency from the state and establish an alternative independent currency to ensure free and secure funding streams. This revolution has the potential to change the political game of Myanmar upside down if it becomes a social discourse.

3. Problem Statement

According to Freeman Law, Myanmar still has no concrete policy or regulation which particularly addresses cryptocurrency. However, cryptocurrencies were mentioned in some related

laws: mostly about banning them. In 2020, Central Bank of Myanmar (CBM) declared a ban of cryptocurrencies referring to Bitcoin (BTC) , Litecoin (LTC), Ethereum (ETH) and Perfect Money (PM) and all traders will be punishable by the monetary laws . Again in January 2022, as a response to the NUG government's declaration of Tether as official currency in Dec 2021, the SAC (State Administration Council) drafted a cybersecurity law which criminalized using cryptocurrency. Most recently, the NUG government declared that they are establishing a cryptocurrency called DMMK (Digital Myanmar Kyats) and also developed a user-friendly mobile wallet. The crypto policy landscape in Myanmar is still in an early stage and there is a lack of sound policy implementations dedicated to cryptocurrencies.

4. Findings

This policy brief categorized the findings according to Frank Fischer's framework of four steps of policy deliberation. This framework was employed in this study to explore different discourses happening in Myanmar's crypto landscape and here are the findings:

4.1 Technical Verification

One critical truth is that everything about crypto fundamentally depends on reliable and uninterrupted internet connection. In the recent crypto landscape in Myanmar, there are several crypto initiatives developed by the civilians as well as

by the state actors. It seems like technical feasibility for a crypto revolution is in place and the country is ready for it. But, the fragile critical infrastructure, especially the internet connection, has been a critical issue so far. The consecutive internet shutdowns imposed by the military is a major challenge for Myanmar's crypto revolution. On the other hand, the military's punitive cyber laws, taxation on SIM cards and other digital repression activities have imposed tangible burdens on the accessibility to communication services. Therefore, despite the rise of innovative crypto initiatives, fundamental connectivity needs are still under the threat for Myanmar's crypto revolution.

4.2 Situational Validation

The major factor of people turning into cryptocurrency in Myanmar includes people's diminishing trust on public banks, lack of infrastructure for oversea remittances and the military's surveillance over financial services. On one hand, those political and economic crises are pushing Myanmar people towards cryptocurrency, on the other, people's adaptability to new technologies has been improved because of the circumvention practices against the military's digital repressions. Therefore, if the policy makers could take advantage of this inertia of technological adaptability, a crypto revolution is foreseeable with the other political and economic situations that are already in place.

4.3 Societal Vindication

Societal vindication asks the question of the readiness of the society for a particular change. Major drawbacks I have observed for this is the classic digital literacy issue and digital divide. As Myanmar has leapfrogged from no phone to smart phone immediately in 2012 along with the telecom revolution, digital literacy has been one of the root causes for almost every digital malfunction of the society. Civil society organizations are still filling the gap so far. Crypto revolution will take this a big step further as the entire infrastructure of cryptocurrency is built on a whole other infrastructure called blockchain rather than the traditional internet. I have mentioned that society's adaptability to new technology became stronger but it is only true to those who have access to those technologies. However, with the existing urban/rural, age-related and gender-based digital divide, rural communities, aged population and women can still be vulnerable to change.

4.4 Ideological Discourses and the dominant discourse

Existing ideological discourses can be categorized into two: libertarian discourse where the resistance forces of the country utilize the power of cryptocurrency for freedom and the authoritarian discourse where the Myanmar military tries to centralize or control over the cryptocurrency landscape.

It is hard to deny that the libertarian discourse becoming dominant greatly depended on the innovative crypto initiatives of the NUG government. First, announcing USDT (Tether) as the official cryptocurrency, raised awareness of cryptocurrency in the civic discourse. Second, selling bonds with cryptocurrency pulled people from naive awareness to carrying out actual transactions. Third, NUG pay wallet and the creation of DMMK, although it is still in its infancy, would decrease the barriers of entry to cryptocurrency. According to such initiatives, the civic discourse is dominated by the libertarian ideologies.

On the authoritarian discourse, only banning the cryptocurrencies in response to NUG's crypto movements and the announcement of potential development of Central Bank Digital Currency can be found. Therefore, there are two discourses in Myanmar's cryptocurrency landscape and the libertarian discourse is dominating.

5. Recommendations

With the momentum of libertarian crypto discourse, it is possible to expect a historic revolution of the country's politics, economy and even a success story of using cryptocurrency for political resistance. I believe that the following recommendations could help steer the crypto revolution towards the free, inclusive and innovative crypto future.

5.1 Establish a Deliberative Digital Policy Platform (Myanmar's g0v summit?)

As an exile government, NUG's access to resources is limited. Deliberative public forums such as civic tech forums and hackathons will be the best tools for the best outcomes. Taiwan's g0v summit can be one of the most ideal models to aim for. The g0v summit connects activists, politicians and technologists who are interested in Taiwan's democracy and brainstorms tech-fueled solutions for social/political problems. The NUG government also should establish a deliberative platform for digital rights activists, technologists, academia and other stakeholders to brainstorm about the challenges of the country. This forum could also serve as a launchpad for the activities of the recommendations followed.

5.2 Address overseas remittance problem as a grand narrative

I have observed that the language in the policy documents of the NUG government consistently claimed that their intention of crypto adoption is to obtain a " Secure Funding Stream". The NUG government's recent narrative of " Secure Funding Stream" sounds institution-centric rather than people-centric. Therefore, we need a grander narrative of cryptocurrency which could connect and mobilize millions of Myanmar people who are urging for a free, democratic future for the country. When I explore the cases of the countries with rapid crypto

adoption rate around the world such as Philippines, Vietnam and Venezuela, one of the common challenges cryptocurrency could help solve is the oversea remittance problem. There are various common political and economic contexts between Myanmar and those countries such as high inflation rate, political instability, poor public financial services, economic dependence on oversea remittances, etc. The overseas remittance problem could not be solved overnight: it is a complex socioeconomic issue. However, as a grand narrative, it is more people-oriented. In addition, it is more economically incentivized since the crypto initiatives invested in Myanmar's common intention was to solve the overseas remittance problem. In 2019, a Fintech company, Everex, signed a MOU with Shwe Bank and Krung Thai Bank with a reason to serve over 3 million Myanmar migrant workers to send their money back home and started running their business in 2022 . Bluejay finance, a Singapore based fintech company, also addressed the same issue and tried to develop a stablecoin which is pegged to 1 Myanmar Kyats. Therefore, addressing the issue of oversea remittance will bring more interest from various stakeholders to escalate the journey of the crypto revolution.

5.3 Develop localized and comprehensive crypto literacy programs

As mentioned before, in Myanmar, digital literacy is a classic barrier for digital transformations. Myanmar's civil society organizations have been using the classic way of educating people about digital tools and platforms and it works to some extent. According to the complex nature of cryptocurrency, existing digital literacy problem and language barriers, it is more difficult for entry level users to understand the concepts as well as the technologies of cryptocurrencies. Therefore, educational platforms, especially with localized contents to reduce the barrier for the potential users. Localized platforms such as Bitskwela of the Philippines, an edutech company which provides cryptocurrency education in Filipino ethnic languages, needs to be developed in Myanmar. Although the Philippines initiative is developed by a company, Myanmar could use the power of crowdsourcing on its deliberative platform mentioned in Recommendation 1 to develop similar programs.

5.4 Conduct alternative communication research

Last but not least, the NUG government, in collaboration with academia and the tech community should conduct research for alternative communications because everything about cryptocurrency fundamentally depends on reliable and uninterrupted internet connectivity. However, the SAC's internet shutdowns and manipulation over the communication industry deeply impacts the accessibility to cryptocurrency. This is going to be a challenging endeavor as the NUG and other democratic forces lack influence over critical physical infrastructure inside the country. Alternative communication methods such as Community

Networks, Satellite Internet and Dial-Up internet should be explored. Given the challenges, this initiative should be implemented as a long term and ongoing endeavor.

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